

By:

  
**SHAPLEIGH**  


5.B. No. 1077

A BILL TO BE ENTITLED

AN ACT

relating to the provision of assistance to colonias and colonia residents in certain areas of the state.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

SUBCHAPTER GG. COLONIA MODEL SUBDIVISION AND DOWN PAYMENT

ASSISTANCE PROGRAMS [~~PROGRAM~~]

SECTION 2. Section 2306.781, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 2306.781. DEFINITIONS [~~DEFINITION~~]. In this subchapter:

(1) "Down payment assistance program" means the colonia down payment program established under this subchapter.

(2) [~~7~~] "Model subdivision program" means the colonia model subdivision program established under this subchapter.

SECTION 3. The heading to Section 2306.782, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 2306.782. ESTABLISHMENT OF MODEL SUBDIVISION PROGRAM.

SECTION 4. Section 2306.783(a), Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session,

1 2001, is amended to read as follows:

2 (a) The department shall establish a colonia model  
3 subdivision revolving loan fund in the department. Money in the  
4 fund may be used only for purposes of the model subdivision program.

5 SECTION 5. Section 2306.785, Government Code, as added by  
6 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,  
7 is amended to read as follows:

8 Sec. 2306.785. MODEL SUBDIVISION PROGRAM LOANS. (a) The  
9 department may make loans under the model subdivision program only  
10 to:

11 (1) colonia self-help centers established under  
12 Subchapter Z; and

13 (2) community housing development organizations  
14 certified by the department.

15 (b) A loan made under the model subdivision program may be  
16 used only for the payment of:

17 (1) costs associated with the purchase of real  
18 property;

19 (2) costs of surveying, platting, and subdividing or  
20 resubdividing real property;

21 (3) fees, insurance costs, or recording costs  
22 associated with the development of the subdivision;

23 (4) costs of providing proper infrastructure  
24 necessary to support residential uses;

25 (5) real estate commissions and marketing fees; and

26 (6) any other costs as the department by rule  
27 determines to be reasonable and prudent to advance the purposes of

1 this subchapter.

2 (c) A loan made by the department under the model  
3 subdivision program may not bear interest and may not exceed a term  
4 of 36 months.

5 (d) The department may offer a borrower under the model  
6 subdivision program one loan renewal for each subdivision.

7 SECTION 6. Section 2306.786, Government Code, as added by  
8 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,  
9 is amended to read as follows:

10 Sec. 2306.786. ADMINISTRATION OF MODEL SUBDIVISION  
11 PROGRAM; RULES. (a) In administering the model subdivision  
12 program, the department by rule shall adopt:

13 (1) any subdivision standards in excess of local  
14 standards the department considers necessary;

15 (2) loan application procedures;

16 (3) program guidelines; and

17 (4) contract award procedures.

18 (b) The department shall adopt rules to:

19 (1) ensure that a borrower under the model subdivision  
20 program sells real property under the program only to an individual  
21 borrower, nonprofit housing developer, or for-profit housing  
22 developer for the purposes of constructing residential dwelling  
23 units; and

24 (2) require a borrower under the model subdivision  
25 program to convey real property under the program at a cost that is  
26 affordable to:

27 (A) individuals and families of extremely low

1 income; or

2 (B) individuals and families of very low income.

3 SECTION 7. Subchapter GG, Chapter 2306, Government Code, as  
4 added by Chapter 1367, Acts of the 77th Legislature, Regular  
5 Session, 2001, is amended by adding Section 2306.787 to read as  
6 follows:

7 Sec. 2306.787. COLONIA DOWN PAYMENT ASSISTANCE PROGRAM.

8 (a) In this section:

9 (1) "Colonia" means a geographic area that:

10 (A) is an economically distressed area as defined  
11 by Section 17.921, Water Code; and

12 (B) is located in a county any part of which is  
13 within 50 miles of an international border.

14 (2) "Eligible individuals and families" means  
15 individuals and families of extremely low and very low income who  
16 reside in a colonia.

17 (b) The department shall establish the colonia down payment  
18 assistance program to provide down payment assistance to  
19 individuals and families of extremely low and very low income who  
20 would otherwise remain in substandard colonias.

21 (c) On application, the department may provide a loan to  
22 eligible individuals and families under this section by using money  
23 from the portion of community development block grants that is set  
24 aside under federal law to provide financial assistance to  
25 colonias. In a state fiscal year, the department may not provide  
26 loans under this section using more than \$2 million from the  
27 set-aside for colonias.

1        (d) A loan made by the department under the down payment  
2 assistance program may bear interest at a reasonable rate set by the  
3 department and may not exceed a term of 30 years.

4        (e) In administering the down payment assistance program,  
5 the department by rule shall adopt program guidelines and loan  
6 application procedures.

7        SECTION 8. Section 2306.586(b), Government Code, is amended  
8 to read as follows:

9        (b) A self-help center shall set a goal to improve the  
10 living conditions of residents in the colonias designated under  
11 Section 2306.583(b) [~~2306.583(a)(2)~~] within a one-year [~~two-year~~]  
12 period after a contract is awarded under this subchapter.

13        SECTION 9. Section 15.951(2), Water Code, as added by  
14 Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001,  
15 is amended to read as follows:

16                (2) "Colonia" means a geographic area that:

17                (A) has a majority population composed of  
18 individuals and families of low income and very low income, based on  
19 the federal Office of Management and Budget poverty index, and  
20 meets the qualifications of [is] an economically distressed area  
21 under [as defined by] Section 17.921; or [and]

22                (B) has the physical and economic  
23 characteristics of a colonia, as determined by the department [is  
24 located in a county any part of which is within 50 miles of an  
25 international border].

26        SECTION 10. Section 2306.255(g), Government Code, is  
27 repealed.

1           SECTION 11. (a)    The Texas Department of Housing and  
2   Community Affairs shall adopt the rules required by Section  
3   2306.787, Government Code, as added by this Act, not later than  
4   December 1, 2003.

5           (b)   The changes in law made by Sections 8 and 9 of this Act  
6   apply only to an application for assistance that is filed or a  
7   contract that is awarded on or after the effective date of this Act.

8           SECTION 12.   This Act takes effect September 1, 2003.

1-1 By: Shapleigh S.B. No. 1077  
1-2 (In the Senate - Filed March 10, 2003; March 17, 2003, read  
1-3 first time and referred to Committee on International Relations and  
1-4 Trade; April 28, 2003, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 4, Nays 0;  
1-6 April 28, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1077 By: Shapleigh

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the provision of assistance to colonias and colonia  
1-11 residents in certain areas of the state.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. The heading to Subchapter GG, Chapter 2306,  
1-14 Government Code, as added by Chapter 1367, Acts of the 77th  
1-15 Legislature, Regular Session, 2001, is amended to read as follows:  
1-16 SUBCHAPTER GG. COLONIA MODEL SUBDIVISION AND DOWN PAYMENT  
1-17 ASSISTANCE PROGRAMS [~~PROGRAM~~]

1-18 SECTION 2. Section 2306.781, Government Code, as added by  
1-19 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,  
1-20 is amended to read as follows:  
1-21 Sec. 2306.781. DEFINITIONS [~~DEFINITION~~]. In this  
1-22 subchapter:  
1-23 (1) "Down payment assistance program" means the  
1-24 colonia down payment program established under this subchapter.  
1-25 (2) [~~7~~] "Model subdivision program" means the colonia  
1-26 model subdivision program established under this subchapter.

1-27 SECTION 3. The heading to Section 2306.782, Government  
1-28 Code, as added by Chapter 1367, Acts of the 77th Legislature,  
1-29 Regular Session, 2001, is amended to read as follows:  
1-30 Sec. 2306.782. ESTABLISHMENT OF MODEL SUBDIVISION PROGRAM.

1-31 SECTION 4. Subsection (a), Section 2306.783, Government  
1-32 Code, as added by Chapter 1367, Acts of the 77th Legislature,  
1-33 Regular Session, 2001, is amended to read as follows:  
1-34 (a) The department shall establish a colonia model  
1-35 subdivision revolving loan fund in the department. Money in the  
1-36 fund may be used only for purposes of the model subdivision program.

1-37 SECTION 5. Section 2306.785, Government Code, as added by  
1-38 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,  
1-39 is amended to read as follows:  
1-40 Sec. 2306.785. MODEL SUBDIVISION PROGRAM LOANS. (a) The  
1-41 department may make loans under the model subdivision program only  
1-42 to:  
1-43 (1) colonia self-help centers established under  
1-44 Subchapter Z; and  
1-45 (2) community housing development organizations  
1-46 certified by the department.

1-47 (b) A loan made under the model subdivision program may be  
1-48 used only for the payment of:  
1-49 (1) costs associated with the purchase of real  
1-50 property;  
1-51 (2) costs of surveying, platting, and subdividing or  
1-52 resubdividing real property;  
1-53 (3) fees, insurance costs, or recording costs  
1-54 associated with the development of the subdivision;  
1-55 (4) costs of providing proper infrastructure  
1-56 necessary to support residential uses;  
1-57 (5) real estate commissions and marketing fees; and  
1-58 (6) any other costs as the department by rule  
1-59 determines to be reasonable and prudent to advance the purposes of  
1-60 this subchapter.

1-61 (c) A loan made by the department under the model  
1-62 subdivision program may not bear interest and may not exceed a term  
1-63 of 36 months.

(d) The department may offer a borrower under the model subdivision program one loan renewal for each subdivision.

SECTION 6. Section 2306.786, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 2306.786. ADMINISTRATION OF MODEL SUBDIVISION PROGRAM; RULES. (a) In administering the model subdivision program, the department by rule shall adopt:

(1) any subdivision standards in excess of local standards the department considers necessary;

(2) loan application procedures;

(3) program guidelines; and

(4) contract award procedures.

(b) The department shall adopt rules to:

(1) ensure that a borrower under the model subdivision program sells real property under the program only to an individual borrower, nonprofit housing developer, or for-profit housing developer for the purposes of constructing residential dwelling units; and

(2) require a borrower under the model subdivision program to convey real property under the program at a cost that is affordable to:

(A) individuals and families of extremely low income; or

(B) individuals and families of very low income.

SECTION 7. Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, is amended by adding Section 2306.787 to read as follows:

Sec. 2306.787. COLONIA DOWN PAYMENT ASSISTANCE PROGRAM.

(a) In this section:

(1) "Colonia" means a geographic area that:

(A) is an economically distressed area as defined by Section 17.921, Water Code; and

(B) is located in a county any part of which is within 50 miles of an international border.

(2) "Eligible individuals and families" means individuals and families of extremely low and very low income who reside in a colonia.

(b) The department shall establish the colonia down payment assistance program to provide down payment assistance to individuals and families of extremely low and very low income who would otherwise remain in substandard colonias. Down payment assistance may be provided in the form of low-interest loans, credit enhancement, or any other appropriate form of loan-related assistance.

(c) On application, the department may provide a loan to eligible individuals and families under this section by using, in an amount not to exceed \$2 million for each state fiscal year, money from federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

(d) A loan made by the department under the down payment assistance program may bear interest at a reasonable rate set by the department and may not exceed a term of 30 years.

(e) In administering the down payment assistance program, the department by rule shall adopt program guidelines and loan application procedures.

SECTION 8. The Texas Department of Housing and Community Affairs shall adopt the rules required by Section 2306.787, Government Code, as added by this Act, not later than December 1, 2003.

SECTION 9. This Act takes effect September 1, 2003.

\* \* \* \* \*



FAVORABLY AS SUBSTITUTED  
SENATE COMMITTEE REPORT ON

(SB) SCR SJR SR HB HCR HJR 1077  
By Shapleigh  
(Author/Senate Sponsor)  
April 28, 2003  
(date)

We, your Committee on INTERNATIONAL RELATIONS AND TRADE, to which was referred the attached measure,  
have on April 23, 2003, had the same under consideration and I am instructed to report it  
(date of hearing)  
back with the recommendation (s) that it:

- ☒ do pass as substituted, and be printed  
☒ the caption remained the same as original measure  
☐ the caption changed with adoption of the substitute  
  
☐ do pass as substituted, and be ordered not printed  
  
☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☒ yes ☐ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Eddie Lucio, Chair	<input checked="" type="checkbox"/>			
Senator Eliot Shapleigh, Vice-Chair	<input checked="" type="checkbox"/>			
Senator Teel Bivins			<input checked="" type="checkbox"/>	
Senator John Carona	<input checked="" type="checkbox"/>			
Senator Craig Estes			<input checked="" type="checkbox"/>	
Senator Jane Nelson			<input checked="" type="checkbox"/>	
Senator Judith Zaffirini	<input checked="" type="checkbox"/>			
TOTAL VOTES	4	0	3	0

COMMITTEE ACTION

- ☒ S260 Considered in public hearing  
☒ S270 Testimony taken

Laura Harris  
COMMITTEE CLERK

Eddie Lucio  
CHAIR

Paper clip the original and one copy of this signed form to the original bill along with TWO copies of the Committee Substitute  
Retain one copy of this form for Committee files

WITNESS LIST

SB 1077

SENATE COMMITTEE REPORT

International Relations and Trade

April 23, 2003 - 1:30PM

ON: Garza, Susana Manager (Texas Department of Housing and Community Affairs, Office of Colonia Initiatives), Austin, TX

Registering, but not testifying:

FOR: Leal, Gloria President (Mexican American Bar Association of Texas), Austin, TX

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1077  
By: Shapleigh  
International Relations and Trade  
4/24/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Currently, Texas spends millions of dollars in supplying basic infrastructure to colonias. However, colonia residents do not hold title to the colonia property, and can never build home equity because most colonia residents do not qualify for traditional home loans. C.S.S.B. 1077 establishes a down payment assistance program to assist colonia residents in obtaining a home.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 7 (Section 2306.787, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to read as follows:

#### **SUBCHAPTER GG. COLONIA MODEL SUBDIVISION AND DOWN PAYMENT ASSISTANCE PROGRAMS**

SECTION 2. Amends Section 2306.781, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, Government Code, as follows:

Sec. 2306.781. New heading: DEFINITIONS. Defines "down payment assistance program" and redefines "program" as "model subdivision program."

SECTION 3. Amends the heading to Section 2306.782, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to read as follows:

#### **Sec. 2306.782. ESTABLISHMENT OF MODEL SUBDIVISION PROGRAM.**

SECTION 4. Amends Section 2306.783(a), Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to make a conforming change.

SECTION 5. Amends Section 2306.785, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 2306.785. New heading: MODEL SUBDIVISION PROGRAM LOANS. Makes conforming changes.

SECTION 6. Amends Section 2306.786, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 2306.786. New heading: ADMINISTRATION OF MODEL SUBDIVISION PROGRAM; RULES. Makes conforming changes.

SECTION 7. Amends Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, by adding Section 2306.787, as follows:

Sec. 2306.787. COLONIA DOWN PAYMENT ASSISTANCE PROGRAM. (a) Defines "colonia" and "eligible individuals and families."

(b) Requires the Texas Department of Housing and Community Affairs (TDHCA) to establish the colonia down payment assistance program to provide down payment assistance to individuals and families of extremely low and very low income who would otherwise remain in substandard colonias. Provides that down payment assistance may be provided in the form of low-interest loans, credit enhancement, or any other appropriate form of loan-related assistance.

(c) Authorizes TDHCA, on application, to provide a loan to eligible individuals and families under this section by using, in an amount not to exceed \$2 million for each state fiscal year, money from federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

(d) Provides that a loan made by TDHCA under the down payment assistance program may bear interest at a reasonable rate set by TDHCA and may not exceed a term of 30 years.

(e) Requires TDHCA, in administering the down payment assistance program, by rule to adopt program guidelines and loan application procedures.

SECTION 8. Requires TDHCA to adopt the rules required by Section 2306.787, Government Code, as added by this Act, not later than December 1, 2003.

SECTION 9. Effective date: September 1, 2003.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 24, 2003**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations and Trade

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** **SB1077** by Shapleigh (Relating to the provision of assistance to colonias and colonia residents in certain areas of the state. ), **Committee Report 1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
---

Based on the analysis of the Texas Department of Housing and Community Affairs, it is assumed duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs, 357 Office of Rural Community Affairs

**LBB Staff:** JK, EB, RT, DE

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 22, 2003**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations and Trade

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** **SB1077** by Shapleigh (Relating to the provision of assistance to colonias and colonia residents in certain areas of the state.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would require the Department of Housing and Community Affairs (TDHCA) to provide loans to eligible individuals and families by using not more than \$2 million from the Community Development Block Grants (CDBG) colonia set-aside fund. TDHCA would be required by rule to adopt program guidelines and loan application procedures not later than December 1, 2003. Currently, the Office of Rural Community Affairs administers the CDBG Colonia Fund and receives the federal funds directly from the US Department of Housing and Urban Development.

Based on the analysis of the TDHCA, it is assumed duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill takes effect September 1, 2003.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs, 357 Office of Rural Community Affairs

**LBB Staff:** JK, EB, RT, DE

By SHAPLEIGH

**AN ACT:**  
**relating to the provision of assistance to colonias and colonia residents in certain areas of the state.**

SECRETARY OF THE SENATE

**OTHER ACTION:**

\_\_\_\_\_ Received from the Senate

\_\_\_\_\_ Read first time and referred to Committee on \_\_\_\_\_

\_\_\_\_\_ Reported \_\_\_\_favorably (as amended) (as substituted)

\_\_\_\_\_ Sent to Committee on (Calendars) (Local & Consent Calendars)

\_\_\_\_\_ Read second time (comm. subst.) (amended); passed to third reading (failed) by a (non-record vote) (record vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting)

\_\_\_\_\_ Constitutional rule requiring bills to be read on three several days suspended (failed to suspend) by a vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting.

\_\_\_\_\_ Read third time (amended); finally passed (failed to pass) by a (non-record vote) (record vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting)

\_\_\_\_\_ Returned to Senate.

\_\_\_\_\_ Returned from House without amendment.

\_\_\_\_\_ Returned from House with \_\_\_\_\_ amendments.

\_\_\_\_\_ Concurred in House amendments by a viva voce vote \_\_\_\_\_ yeas, \_\_\_\_\_ nays.

CHIEF CLERK OF THE HOUSE

\_\_\_\_\_ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

\_\_\_\_\_ Senate conferees instructed.

\_\_\_\_\_ Senate conferees appointed: \_\_\_\_\_, Chairman; \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_

\_\_\_\_\_ House granted Senate request. House conferees appointed: \_\_\_\_\_, Chairman;  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_ Conference Committee Report read and filed with the Secretary of the Senate.

\_\_\_\_\_ Conference Committee Report adopted on the part of the House by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

\_\_\_\_\_ Conference Committee Report adopted on the part of the Senate by:

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

**OTHER ACTION:**

\_\_\_\_\_ Recommitted to Conference Committee

\_\_\_\_\_ Conferees discharged.

\_\_\_\_\_ Conference Committee Report failed of adoption by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays